



Swiss investors slowly broaden horizons

20 May 2014 **By Barbara Ottawa**

Switzerland's real estate market is too small for Pensionskassen looking for investments with good returns, delegates were told at Swiss pension conference Fachmesse 2. Säule.

The market, said Fidelity's European real estate director Keith Sutton, has overheated in the last two to three years, bringing the option of investing abroad into discussion.

"Swiss institutional investors are looking at other markets," Sutton said. "But they are still very sceptical."

Zurich Invest head of institutional mandates, Sébastien Dirren, agreed that some investors are already changing their minds on solely investing in Switzerland and are more willing than before to look at other countries, such as Germany, the UK and France. Switzerland's stable real estate market, Dirren noted, meant that Swiss investors are "spoiled".

Interest for broader diversification from investors has also been observed by Adrian Bamert, portfolio manager at Pensimo, which runs Anlagestiftung Testina, a collective investment foundation.

Hans Jürg Stucki, managing director at Ecoreal Anlagestiftung, explained that "a Swiss investor will always remain a Swiss investor – they want to have a say in everything and have a look at every rental agreement", which he added is "sometimes impossible" with foreign investments.

Stucki said Swiss investors need to rethink their position "in order to achieve a real breakthrough". Until then, Swiss institutions will not increase their real estate exposure - or face several years of waiting to get a Anlagestiftungen slot.

Panel moderator Oliver Kunkel, senior consultant at PPCmetrics said: "I am working with a pension fund which has been waiting for seven years for a slot in an Anlagestiftung."

Southern European markets are off limits, the panel heard. Sutton stressed "no Pensionskasse wants to go into markets like Portugal, Greece or Spain", warning that the euro crisis is "far from over, as risks remain from devaluations of tangible assets".

He added investors have to take capital costs into consideration when looking at investment. In major cities like London, Paris or Munich, Pensionskassen have to compete with sovereign wealth funds and high-net-worth individuals which "will always outbid them".

Sutton recommends to "look left and right of prime" and "two streets down" from prime locations.